

*As an Employee of Fairfax County Public Schools (FCPS)  
Does It Make Any Difference When I Retire During the Year?*

# **“Tip Sheet”**

*There are several things you might want to consider  
when you are trying to decide when you want to retire during the year.*

*For some individuals, taking the time to plan their retirement with regards to the following  
circumstances may make little or no difference —  
For others, the timing of their retirement date could have some impact.*

**Regular Salary Increases:** Salary Increases will be taken into account for purposes of pay for annual leave, holiday pay and comp time. In addition, accrued sick leave will be valued at the new regular salary rate for purposes of calculating your average final compensation (AFC).

**Timing of Receiving Certain Payments:** If you are thinking about retiring toward the end of the year, keep in mind that you will receive pay for any annual leave on the payday following your last paycheck as an active employee if you are paid biweekly. Monthly paid employees receive their leave payout approximately 60 days after their last paycheck.

Timing the payout may reduce a member’s tax liability by shifting it into the next year where income is expected to be lower. For some members, timing the payout to occur in the same year as the lump sum payouts for leave hours, may be a better way to avoid some tax liability. Call the Payroll Division in the Department of Human Resources for additional information.

**Income Taxes:** If you do not plan to work after retirement from FCPS, you may choose to pick your retirement date at a point in the year that would limit your income for tax purposes.

**Cost-of-Living Increases (COLAs) as a Retiree:** Each July 1 your pension may be increased to reflect increases in the cost-of-living. Cost-of-living increases apply to normal, early and disability retirements, and to deferred vested benefits once benefits start. However, COLAs do not apply to the additional Pre-Social Security Benefit that is payable for normal retirement.

The cost-of-living increase is equal to the lesser of 4% or the percentage increase in the Consumer Price Index for the Washington CMSA for the 12-month period ending March 31 before the increase goes into effect. The cost-of-living increase will be pro-rated if you have received retirement benefits for less than a year, as follows:

<u>Number of complete months you have received benefits</u>	<u>Percentage of full increase</u>	<u>Retirement Months</u>
Less than 3	0%	April, May, June
3, 4, or 5	25%	January, February, March
6, 7, or 8	50%	October, November, December
9, 10, or 11	75%	July, August, September

*This “Tip Sheet” was prepared by the Fairfax County Retirement Agency  
for members of the Fairfax County Retirement Systems  
If you have additional questions, please call 703-279-8200.*